

Township of Alamo
Kalamazoo County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Township of Alamo, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Township of Alamo, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Alamo, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Township of Alamo, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information on pages 15 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Alamo, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

August 6, 2008



1958-2008

BASIC FINANCIAL STATEMENTS

Township of Alamo
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 530,705
Receivables, net	<u>49,022</u>
Total current assets	<u>579,727</u>
Noncurrent assets:	
Capital assets not being depreciated	66,883
Capital assets, net of accumulated depreciation	<u>610,202</u>
Total noncurrent assets	<u>677,085</u>
Total assets	<u>1,256,812</u>
LIABILITIES	
Payables	<u>18,648</u>
NET ASSETS	
Invested in capital assets	677,085
Restricted for public safety	17,925
Unrestricted	<u>543,154</u>
Total net assets	<u>\$ 1,238,164</u>

See notes to financial statements

Township of Alamo
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

		<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>	<u>grants and</u>
			<u>contributions</u>	<u>contributions</u>
Functions/Programs				
Governmental activities:				
Legislative	\$ 3,277	\$ -	\$ -	\$ -
General government	182,770	49,451	-	-
Public safety	251,072	24,041	-	43,905
Public works	23,523	1,337	6,084	-
Community and economic development	30,472	1,460	-	-
Culture and recreation	<u>8,036</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 499,150</u>	<u>\$ 76,289</u>	<u>\$ 6,084</u>	<u>\$ 43,905</u>
General revenues:				
Taxes				
State grants				
Interest				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

***Net (expenses)
revenues and
changes in
net assets***

***Governmental
activities***

\$ (3,277)
(133,319)
(183,126)
(16,102)

(29,012)
(8,036)

(372,872)

101,050
261,194
21,436

383,680

10,808

1,227,356

\$ 1,238,164

See notes to financial statements

Township of Alamo
BALANCE SHEET - governmental funds
 March 31, 2008

	<u>General</u>	<u>Fire Truck</u>	<u>Total governmental funds</u>
ASSETS			
Cash	\$ 512,780	\$ 17,925	\$ 530,705
Receivables	<u>49,022</u>	<u>-</u>	<u>49,022</u>
Total assets	<u>\$ 561,802</u>	<u>\$ 17,925</u>	<u>\$ 579,727</u>
LIABILITIES AND FUND BALANCES			
Liabilities - payables	\$ 18,648	\$ -	\$ 18,648
Fund balances	<u>543,154</u>	<u>17,925</u>	<u>561,079</u>
Total liabilities and fund balances	<u>\$ 561,802</u>	<u>\$ 17,925</u>	<u>\$ 579,727</u>
Total fund balances - total governmental funds			\$ 561,079
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 5) are different because:			
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.			<u>677,085</u>
Net assets of <i>governmental activities</i>			<u>\$ 1,238,164</u>

See notes to financial statements

Township of Alamo**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds***Year ended March 31, 2008*

	<u>General</u>	<u>Fire Truck Fund</u>	<u>Total governmental funds</u>
REVENUES			
Taxes	\$ 134,761	\$ -	\$ 134,761
Licenses and permits	22,256	-	22,256
Federal grants	43,905	-	43,905
State grants	267,278	-	267,278
Charges for services	16,947	-	16,947
Interest and rentals	22,925	411	23,336
Other	1,475	-	1,475
Total revenues	<u>509,547</u>	<u>411</u>	<u>509,958</u>
EXPENDITURES			
Legislative	3,277	-	3,277
General government	174,119	-	174,119
Public safety	153,508	-	153,508
Public works	74,437	-	74,437
Community and economic development	30,472	-	30,472
Culture and recreation	6,778	-	6,778
Capital outlay	111,858	-	111,858
Total expenditures	<u>554,449</u>	<u>-</u>	<u>554,449</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(44,902)</u>	<u>411</u>	<u>(44,491)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in	37,544	-	37,544
Operating transfer out	-	(37,544)	(37,544)
Total other sources (uses)	<u>37,544</u>	<u>(37,544)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>(7,358)</u>	<u>(37,133)</u>	<u>(44,491)</u>
FUND BALANCES - BEGINNING	<u>550,512</u>	<u>55,058</u>	<u>605,570</u>
FUND BALANCES - ENDING	<u>\$ 543,154</u>	<u>\$ 17,925</u>	<u>\$ 561,079</u>

See notes to financial statements

Township of Alamo

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2008

	<u><i>Total governmental funds</i></u>
Net change in fund balances - total governmental funds	\$ (44,491)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital acquisitions \$126,325 exceeded depreciation \$71,026 in the current period.	
	<u>55,299</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 10,808</u>

See notes to financial statements

Township of Alamo

STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund*

March 31, 2008

ASSETS

Cash	\$ <u>426</u>
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LIABILITIES

Due to other governmental units	\$ <u>426</u>
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See notes to financial statements

Township of Alamo
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Alamo, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Alamo
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Truck Fund accounts for the financial resources used for the capital acquisition costs of the Township's fire protection functions. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	10 - 15 years
Roads	20 years

Township of Alamo
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

v) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The legal level of budgetary control adopted by the governing body is the functional level. All annual appropriations lapse at the end of the fiscal year. The Township had the following significant budget variation:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Capital outlay	Capital outlay	\$ 27,200	\$ 111,858	\$ (84,658)

NOTE 3 - CASH AND INVESTMENTS:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, \$573,747 of the Township's bank balances of \$673,747 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Alamo
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued):

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ <u>530,705</u>	\$ <u>426</u>	\$ <u>531,131</u>

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds, are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ <u>7,980</u>	\$ <u>41,042</u>	\$ <u>49,022</u>

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated - land	\$ <u>66,883</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>66,883</u>
Capital assets being depreciated:				
Buildings	234,857	-	-	234,857
Equipment and vehicles	936,969	67,653	-	1,004,622
Infrastructure	130,706	58,672	-	189,378
Subtotal	<u>1,302,532</u>	<u>126,325</u>	<u>-</u>	<u>1,428,857</u>
Less accumulated depreciation for:				
Buildings	(141,750)	(7,067)	-	(148,817)
Equipment and vehicles	(594,360)	(56,201)	-	(650,561)
Infrastructure	(11,519)	(7,758)	-	(19,277)
Subtotal	<u>(747,629)</u>	<u>(71,026)</u>	<u>-</u>	<u>(818,655)</u>
Total capital assets being depreciated, net	<u>554,903</u>	<u>55,299</u>	<u>-</u>	<u>610,202</u>
Governmental activities capital assets, net	\$ <u>621,786</u>	\$ <u>55,299</u>	\$ <u>-</u>	\$ <u>677,085</u>

Township of Alamo
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 5,539
Public safety	56,471
Public works	7,758
Culture and recreation	<u>1,258</u>
Total	<u>\$ 71,026</u>

NOTE 6 - PAYABLES:

	<u>Accounts</u>	<u>Payroll</u>	<u>Other</u>	<u>Total</u>
General Fund	<u>\$ 5,802</u>	<u>\$ 5,650</u>	<u>\$ 7,196</u>	<u>\$ 18,648</u>

NOTE 7 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2008, is as follows:

Revenues	\$ 21,332
Expenses	<u>(38,141)</u>
Deficiency of revenues over expenses	<u>\$ (16,809)</u>

NOTE 8 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - INTERFUND TRANSFERS:

The Fire Truck Fund transferred \$37,544 to the General Fund to pay for capital acquisitions.

NOTE 10 – SETTLEMENT OF LITIGATION:

The Township settled a dispute with a contractor in September, 2007. The settlement calls for the Township to grant a 30 year special use permit for the operator to mine, excavate, process, stockpile and sell sand and gravel from the property. In return, the operator agrees to contribute \$10,000 per year to an endowment fund with the Kalamazoo Foundation. The investment return on such monies is to be used for parks and recreation within the Township.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Alamo
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 115,625	\$ 115,625	\$ 134,761	\$ 19,136
Licenses and permits	25,972	25,972	22,256	(3,716)
Federal grants	-	-	43,905	43,905
State grants	261,800	261,800	267,278	5,478
Charges for services	20,140	20,140	16,947	(3,193)
Interest and rentals	6,400	6,400	22,925	16,525
Contributions	763	763	-	(763)
Other	3,150	3,150	1,475	(1,675)
Total revenues	<u>433,850</u>	<u>433,850</u>	<u>509,547</u>	<u>75,697</u>
EXPENDITURES				
Legislative	<u>4,840</u>	<u>4,840</u>	<u>3,277</u>	<u>1,563</u>
General government:				
Supervisor	18,390	18,390	22,893	(4,503)
Clerk	19,675	19,675	18,328	1,347
Treasurer	25,705	25,705	23,223	2,482
Assessor	16,150	16,150	15,573	577
Board of review	600	600	600	-
Election	3,650	3,650	3,435	215
Hall and grounds	15,570	15,570	16,056	(486)
Cemetery	16,000	16,000	16,695	(695)
Other	49,918	58,520	57,316	1,204
Total general government	<u>165,658</u>	<u>174,260</u>	<u>174,119</u>	<u>141</u>
Public safety:				
Fire protection	111,555	111,555	115,368	(3,813)
Building inspection	30,909	41,953	38,140	3,813
Total public safety	<u>142,464</u>	<u>153,508</u>	<u>153,508</u>	<u>-</u>
Public works:				
Highways and streets	58,648	61,002	61,429	(427)
Street lights	4,350	4,350	3,305	1,045
Recycling and clean-up	8,800	8,800	9,703	(903)
Total public works	<u>71,798</u>	<u>74,152</u>	<u>74,437</u>	<u>(285)</u>

Township of Alamo

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	\$ 29,591	\$ 29,591	\$ 30,472	\$ (881)
Culture and recreation:				
Parks and recreation	6,500	6,500	4,828	1,672
Museum	3,599	3,599	1,950	1,649
Total culture and recreation	10,099	10,099	6,778	3,321
Capital outlay	27,200	27,200	111,858	(84,658)
Total expenditures	451,650	473,650	554,449	(80,799)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,800)	(39,800)	(44,902)	(5,102)
OTHER FINANCING SOURCES				
Operating transfer in - Fire Truck	-	37,544	37,544	-
NET CHANGE IN FUND BALANCE	(17,800)	(2,256)	(7,358)	(5,102)
FUND BALANCE - BEGINNING	501,713	501,713	550,512	48,799
FUND BALANCE - ENDING	\$ 483,913	\$ 499,457	\$ 543,154	\$ 43,697

Township of Alamo**BUDGETARY COMPARISON SCHEDULE - Fire Truck Fund***Year ended March 31, 2008*

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 411	\$ 411
OTHER FINANCING SOURCES				
Operating transfer - General	<u>-</u>	<u>(37,544)</u>	<u>(37,544)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(37,544)	(37,133)	411
FUND BALANCE - BEGINNING	<u>55,058</u>	<u>55,058</u>	<u>55,058</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 55,058</u>	<u>\$ 17,514</u>	<u>\$ 17,925</u>	<u>\$ 411</u>

August 6, 2008

To the Board of Trustees
Township of Alamo

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Alamo for the year ended March 31, 2008, and have issued our report thereon dated August 6, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Alamo are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Township of Alamo during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



1958-2008

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Alamo's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Alamo as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Alamo's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Alamo and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall A.C.